



Public Service Commission of Wisconsin

Burneatta Bridge, Chairperson
Robert M. Garvin, Commissioner
Mark Meyer, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

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Contact: Linda Barth or Stephanie Marquis
(608) 266-9600

PSC Says Reliability, Rates and Regulatory Reform at Risk Asks Supreme Court to Take Oak Creek Power Plant Case

MADISON –The Public Service Commission of Wisconsin (PSC) today asked the Supreme Court to bypass the Wisconsin Court of Appeals – District IV and review a recent Dane County Circuit Court decision on the approval of the Oak Creek power plants.

The PSC has taken this step because the circuit court decision could result in significant rate increases for Wisconsin's consumers, adversely impact future reliability and frustrate significant regulatory reforms enacted last year.

The accelerated review by the Supreme Court is the only opportunity to obtain a meaningful review of the circuit court decision in time to avoid the extraordinary increased costs related to delay. Prompt resolution of the court case is an issue of statewide importance and critical to meeting future energy needs in Wisconsin.

The Dane County Circuit Court issued a decision late last month vacating PSC approval for Wisconsin Energy Corporation to construct two coal-fired, 615-Megawatt generators near its Oak Creek power plant.

In filing its request for Supreme Court review, the PSC noted that the circuit court decision affirmed its determination that additional generation was necessary, rejected other substantive challenges to the PSC decision and focused on procedural matters.

In the petition, the PSC disagreed with the lower court's finding that its process for reviewing the power plant proposal was flawed. The PSC notes that the same PSC review process has been upheld in previous court challenges and follows statutory requirements in reviewing an application.

The PSC approved Wisconsin Energy Corporation's application to construct the two power plants in November 2003, after a lengthy and thorough review process. The first Oak Creek power plant is scheduled to be up and running by 2009 to meet expected demand, with the second in operation by 2011.

The delays will result in escalating construction costs, which Wisconsin Energy Corporation estimates will add between \$60 million to \$260 million to the cost of the project. State law could require that these increased costs are passed on to ratepayers.

The PSC is seeking Supreme Court review to provide certainty about procedures for review of future energy infrastructure projects. Until the final authority rules on this case, the state cannot efficiently address an aging baseload fleet, a constrained transmission system and growing energy demand.

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